

The **U.S. Agency for International Development** is the organization within the United States government that provides assistance to developing countries to help with their economic and social development. USAID's roots go back to the Truman administration, the Marshall Plan, and reconstruction after World War II. In 1961, under the Kennedy administration, the Foreign Affairs Assistance Act created the United States Agency for International Development. Ever since, USAID has been at the forefront of U.S. efforts to help countries recover from disaster, escape poverty, and become more democratic. The Agency's mission to promote development and save lives is central to the U.S. leadership role. The Agency represents this country's commitment to be a leader by helping others help themselves.

This Agency Performance Report presents USAID's accomplishments in fiscal year 1997.

Since USAID has programs in over 100 countries worldwide, the preparation of an annual report that covers even a small part of the Agency's portfolio is no simple task. USAID is involved in nearly every sector of development, including democracy, economic growth and agricultural development, education, environment, humanitarian assistance, and health and family planning. The Agency's activities reflect the needs and priorities of the recipient countries and the concerns of other donors and development partners. USAID collaborates closely with a wide variety of partners and stakeholders, and the

results reported in this document are the product of that partnership.

One of the most serious challenges facing the world today is the transition of countries from crisis to stability. Transitions take many forms. Some countries are moving from centrally planned, command economies to market economies. Others have suffered civil wars or collapsed governments and are working toward peace and reconstruction. Still others are making the shift from authoritarian rule to democracy.

Several chapters of this report, including those on economic growth, democracy and governance, and humanitarian assistance, describe these transitions. All transitions are dynamic, difficult to predict, and challenging to manage. The transition process is rarely linear; setbacks are common and often discouraging. USAID and other donors working in transition countries have just begun to understand this complex transformation, but there is still much to learn.

INTRODUCTION

USAID Mission Statement

The mission of the United States Agency for International Development is to contribute to U.S. national interests by supporting the people of developing and transitional countries in their efforts to achieve enduring economic and social progress and to participate more fully in resolving the problems of their countries and the world.

This sixth annual report takes a broad geographic perspective, reporting on our programs throughout the world, but also focuses in-depth on Agency impact in a few critical areas of development. The annual reports have changed over the years in response to reader's needs and the Agency's evolving strategy. Early reports gave examples of how the Agency worked and the impact on people's lives. Last year's report added depth by showing how USAID learns from evaluations and studies of its programs.

USAID organizes its activities around seven Agency goal areas, two of which are new this year. The 1997 Agency Strategic Plan added the development goal human capacity development (human capacity built through education and training) and a leadership and management goal (USAID remains a premier development agency). The first gives education the attention it deserves. The management goal helps the Agency attend to the way it does business.

USAID Goal Areas

1. Broad-based economic growth and agricultural development encouraged.
2. Democracy and good governance strengthened.
3. Human capacity built through education and training.
4. World population stabilized and human health protected.
5. The world's environment protected for long-term sustainability.
6. Lives saved, suffering reduced, and conditions for political and economic development reestablished.
7. USAID remains a premier development agency.

Viewing development through the lenses of "goal areas" or "sectors" is both traditional and useful. However, USAID has learned that this approach has its limitations. Crosscutting issues affect every goal area, indeed, every area of Agency activity. These include such things as gender concerns, information technology, participant training, and food security. These will be discussed in each of the goal area chapters. Countries in transition are also not easily captured by looking through the lens of individual development sectors. Countries that were in the grips of authoritarian regimes and command economies are making a transition to becoming market driven democracies. This also may include a transition from conflict to peace. A discussion of some aspects of transition issues is found in the chapter on Humanitarian Assistance where particular attention is paid to the last type of transition listed above.

USAID measures progress toward all goals against a set of indicators of global progress, selected in coordination with the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development. These indicators, described in the document *Shaping the 21st Century*, represent the development priorities of countries that support international development and were the center of discussions at the January 1997 G-8 Birmingham summit. This meeting of the heads of state of the eight leading industrial democracies endorsed the DAC's 21st Century Strategy. USAID recognizes that it cannot achieve these goals on its own. USAID is one actor, often a minor one, working toward goals that involve other national development agencies, multilateral agencies

such as the United Nations and the World Bank, and, most important of all, the developing countries themselves.

USAID's participation in the DAC demonstrates both the Agency's leadership and commitment to building strong partnerships to work toward common goals. The simple idea that donors should work together to achieve common goals is one that USAID has promoted and is now seeing come to fruition. The idea that many donors can choose a set of objectives with performance indicators that apply to all countries is one that USAID has promoted and is working to achieve. At the same time, USAID has realized that we cannot single-handedly resolve the development problems that poor countries are facing. Partnerships are needed. The DAC forum builds these partnerships between bilateral donors to achieve universally held goals. Clearly, the DAC is not the only forum where USAID builds partnerships. The Agency works closely with multilateral donors, with recipient countries, and with a host of implementing partners in the public and private sector, including private voluntary organizations (PVOs), other U.S. Government Agencies and others who work with USAID to achieve common ends. Throughout the chapters, we have provided examples of the success of these partnerships.

Performance Measurement

The primary purpose of this year's report is to provide information on Agency performance for fiscal year 1997. To measure performance, the report includes statistics, which measure how well the Agency is accomplishing what it sets out to do. They quantify the impact of programs on people and on

the countries where they live. The text of the report provides an analysis of the trends. Annex C presents baseline data for all countries.

Goals and indicators are the framework to development. With the framework, the Agency can make informed strategic choices. Evaluating how countries or regions compare within the framework, the Agency can decide which sectors merit attention. The framework is also a tool to evaluate how countries or regions are progressing, and where attention is needed. A framework that is shared by donors and the host country is good for development and helps make assistance from USAID and other donors more effective.

USAID has always measured project performance, but systematic and comprehensive monitoring and reporting throughout the Agency is relatively new. One of USAID's significant accomplishments this year has been expanding its system of reporting results. Operating units manage program funds whether they are USAID country Missions or Washington bureaus or offices. Consequently, they are required to develop a strategic plan. The plan outlines strategic objectives and a commitment to accomplish them. Strategic objectives have multiyear goals, annual targets, and indicators to measure progress. In fiscal year 1996, USAID had targets, indicators, and data measuring progress for 39 percent of its strategic objectives. In 1997, USAID had all three components for 64 percent of its strategic objectives. Each of six goal area chapters discusses these issues. The seventh chapter, USAID as a Premier Development Agency, elaborates on how the performance monitoring system works.

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USAID operates in an uncertain world where up-to-the-minute, reliable data can be hard to come by. Measuring performance in these situations requires that the Agency rely on many different sources of data. Details of the data sources are included both in the different goal chapters and in the tables in the annexes. The first set of indicators, measuring progress toward global goals, are the Country Development Indicators, which are collected by agencies such as the World Bank, the U.S. Bureau of the Census, and private organizations such as the Heritage Foundation. These represent the best information about what's happening in every country of the world—not just where USAID operates—and therefore serve as an independent reference source. While these are the best indicators available to give the overall picture, there are some limitations. Despite representing the best available information, they rarely have information from the past fiscal year, and therefore can be considered to be out of date. Since they are country-level data, it is also difficult to draw exact linkages between what USAID does in a specific country—as opposed to what other donors or the country itself does—and changes in these indicators. It is therefore difficult to say that they measure USAID performance. Nonetheless, particularly when used as trend data, they assist us in determining whether our overall objectives in a country are being achieved.

The second source of data, as described above, are the indicators that each operating unit uses to measure progress toward achieving each element of its strategic plan. As described above, the

Agency has made enormous progress over the past three years in ensuring that these indicators are available for management at both the mission level and in Washington.

Since numbers, whether derived from country development trends or mission performance monitoring plans, do not tell the whole story, the Agency uses a third source of performance information. Each year, experts make a judgment on how each program is performing. These ratings are given by people who are familiar with performance in the field, and there is a very high correlation between the ratings of the “experts” and the ratings obtained from quantitative indicators.

Finally, USAID uses evaluations as a tool to determine whether programs are achieving their objectives in the most effective way. Evaluations are done both at the operating unit and at the Agency as a whole. There has been a major change in the use of evaluations in missions: once they were required as part of a normal project implementation cycle. Unfortunately, we've learned over the years that evaluations scheduled as a bureaucratic requirement are often neither particularly insightful nor of much use for making decisions. Over the past few years, the Agency has revised its evaluation strategy at the country level, now only requiring them when program performance is not in synch with expectations, or when there are management issues to be addressed.

At the Agency level, evaluations are done as part of the overall Agency Evaluation Agenda, which addresses several crucial issues each year. These take a hard look at key problems USAID is facing and provide feedback and guidance on what works and what

doesn't. Because of their importance, these evaluations form the core of the theme section of several goal area chapters below, as they discuss some

of the knottier development problems the Agency faces. Synopses of all recent Agency evaluations are found in annex B.

STRATEGIC PLANNING

U.S. government planning and reporting has moved into a new phase since the inauguration of Vice President Gore's National Performance Review (reengineering government initiative) and the Government Performance and Results Act of 1993 (GPRA or the Results Act). USAID participates in these initiatives.

The Strategic Plan for International Affairs governs all U.S. government agencies working abroad which collaborate with USAID. The Department of State prepares the strategic plan. The U.S. Embassy in each country develops a Mission Performance Plan that specifies U.S. goals and objectives and applies to each U.S. agency operating in that country. The USAID Mission in each country develops a country strategic plan in three- to five-year cycles. The plan outlines the different activities USAID will undertake to contribute to both the Mission performance plan and Agency strategic plan goals. Every year, each Mission (and Washington operating units) prepare a report, the Results Reporting and Resource Request document, known in the Agency as the R4. The R4 is submitted to Washington, where it is used 1) by USAID's regional bureaus to determine whether a country program is on track, 2) to prepare the

annual bureau budget submissions, which become part of the Agency budget request, and 3) as a data source for this Agency performance report.

Planning and reporting are important at the Agency level. The Results Act requires that the Agency prepare an updated, multiyear Agency strategic plan every three years. This plan is coordinated with the Strategic Plan for International Affairs, and is used to guide country strategic plans. Each year, USAID develops an annual performance plan that outlines the goals and objectives. The performance plan is produced two years in advance.

The Agency Performance Report looks at how well the Agency met the annual goals laid out in the its performance plan. To do this, the report draws from a variety of data sources. One of the most important is the annual goal area review, which assesses progress in each goal area. The review is used to develop both the annual report and the following year's performance plan. In addition, the report uses information from external data such as the country development indicators discussed earlier, the operating unit R4s, and the Agency's evaluations.

ABOUT THIS REPORT

This report, unlike those of the last two years, is divided into chapters corresponding to each of USAID's goal areas. The heart of each chapter consists of four sections, which tell different parts of the story of what's happening worldwide and what USAID programs are doing in that goal area.

The **Introduction** provides the rationale for USAID involvement in the sector. Building on this, it goes on to describe the Agency's development hypothesis—that is, the types of things USAID does, and how they lead to the desired results. Finally, it describes how different interventions are distributed in the countries where USAID works.

The **Program Impact** section examines country-level development indicators for each goal area, tracks global progress against those indicators, and assesses USAID's progress in achieving its targets.

The **Highlights** section gives a sense of what USAID does, and how its work affects people's lives.

Finally, the **Theme** section develops a single aspect of the goal area, to illuminate the development hypothesis that guides USAID activities, shows how USAID activities on the ground lead to changes in the country development indicators, and demonstrates how USAID learns from experience. This section provides more depth than other sections.

The statutory purpose of the Agency Performance Report is to report Agency progress through the Office of Management and Budget to Congress. However, USAID envisions a much broader use of the report, both inside and outside the Agency. Since it synthesizes substantial amounts of information, particularly lessons learned from on-the-ground experience, it is useful to Missions and offices as they implement projects. USAID hopes that it will be useful to development partners outside the Agency, private voluntary organizations, universities, the private sector, and other agencies as they seek to understand what USAID is, what it does, and what it stands for.